Defense Logistics Agency

Defense Supply Center Philadelphia

CSR CONFERENCE AUGUST 23 TO 27, 2004

Troop & General Support Inventory Control Point
6 Supply Chains

FY03 $10.4B

CLOTHING & TEXTILE CLASS II

- Recruit Clothing
- Readiness
- Organizational Clothing & Individual Equipment

$2.0B

SUBSISTENCE CLASS I

- Food Service
- Produce
- Operational Rations

$2.7B

MEDICAL CLASS VIII

- Pharmaceutica
- Medical/Surgic
- Readiness
- Equipment

$3.1B

GENERAL & INDUSTRIAL CLASS IV / VII

- Facilities Maintenance
- Equipment
- Wood Products
- Safety & Rescue
- [illegible]ent

$1.8B

GENERAL & INDUSTRIAL CLASS IX

- Benchstock
- Hardware

$.8B

The DLA / DSCP Enterprise

DLA (21,433 Civilians / 1140 Military)

FY 02 Sales/Services: $21.5B
FY 03 Sales/Services: $25.2B
FY 04 Projection: $28.9B

- **Troop Support: $10.4B**
- **Energy (147.7M Barrels) $ 5.2B**
- **Distribution: $ 2.2B**
- **Other: $ 1.4B**

Scope of Business

- **215,000 Requisitions/Day**
- **#55 Fortune 500 – Above Northrop Grumman**
- **4.6 Million NSNs**
- **1312 Weapon Systems Supported**
- **48 States / 28 Countries**
- **$73.1M per day obligated in contracts**
- **23 Distribution Depots**

DSCP (2723 Civilians / 73 Military)

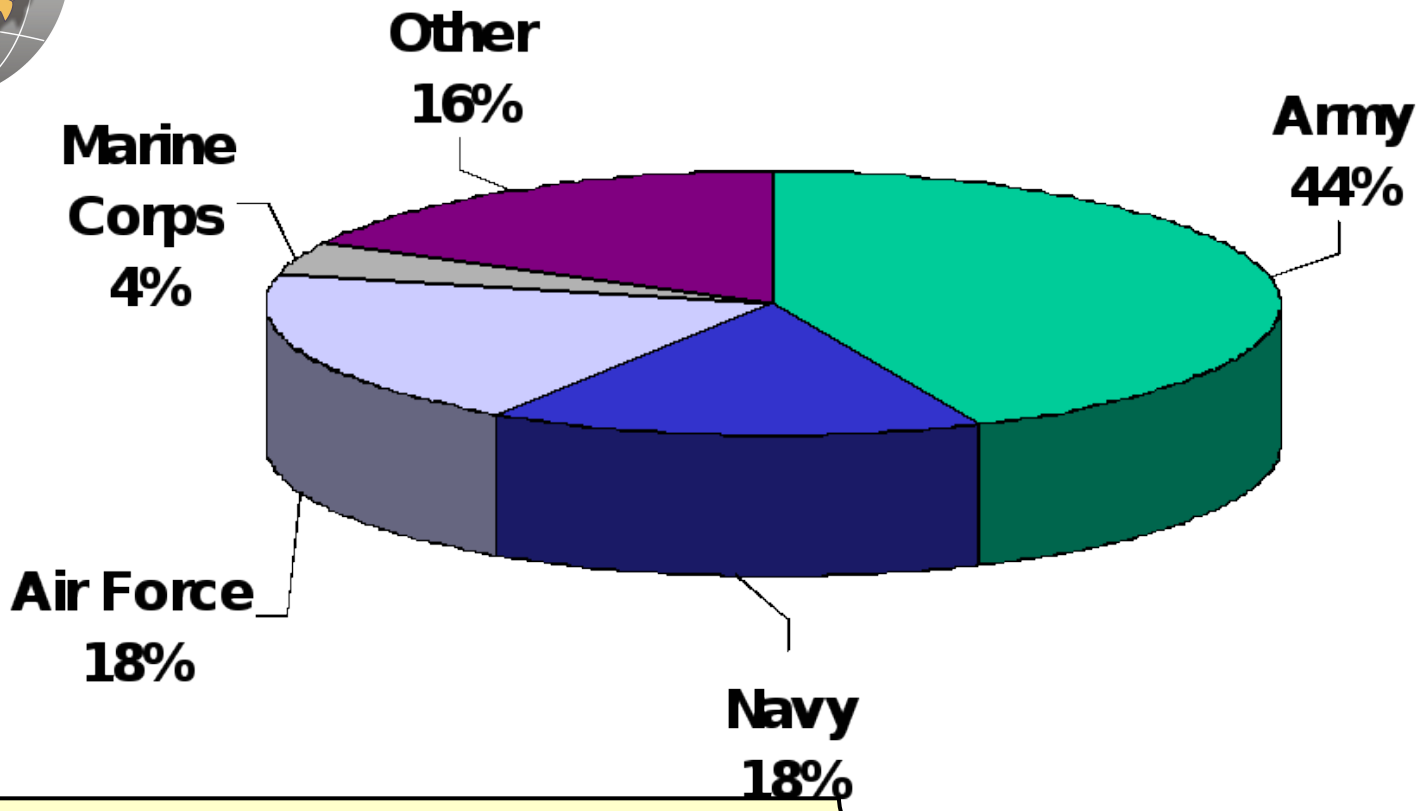
FY 02 Sales/Services: $ 7.8B
FY 03 Sales/Services: $10.4B
FY 04 Projection: $12.3B

- **Subsistence $2.7B**
- **G&I $2.6B**

Scope of Business

- **75,000 Requisitions/Day**
- **#158 Fortune 500 – 4 Above Whirlpool**
- **2.7 Million NSNs / LSNs**
- **1200 Weapon Systems Supported**
- **14 States / 11 Countries**
- **$30.5M per day obligated in contracts**

Sales by Services



Service	FY02	FY03	% Chg	FY 04 (Proj)	% Chg
(billions)					
Army	2.9	4.6	59%	6.2	35%
Navy	1.7	1.9	12%	1.8	-5%
Air Force	1.7	2.1	24%	2.3	10%
Marine Corps	4	5	25%	5	

Keys to Success

- Tailored Logistics Support
- Optimization of Investment Strategies
- Capitalize on Commercial Business Practices
- Collaborative Industrial Base Management

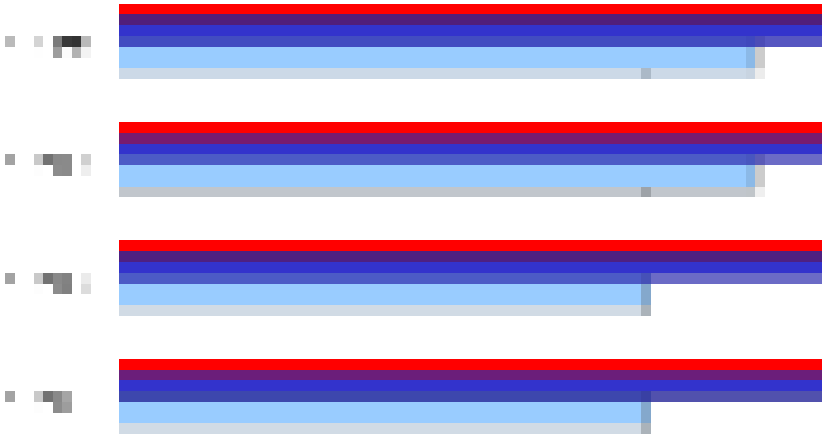
Business Growth / Improvement
FY01 – FY04 (to date)

Sales v. Personnel Strength

Sales$B

FTE

Fill Rate

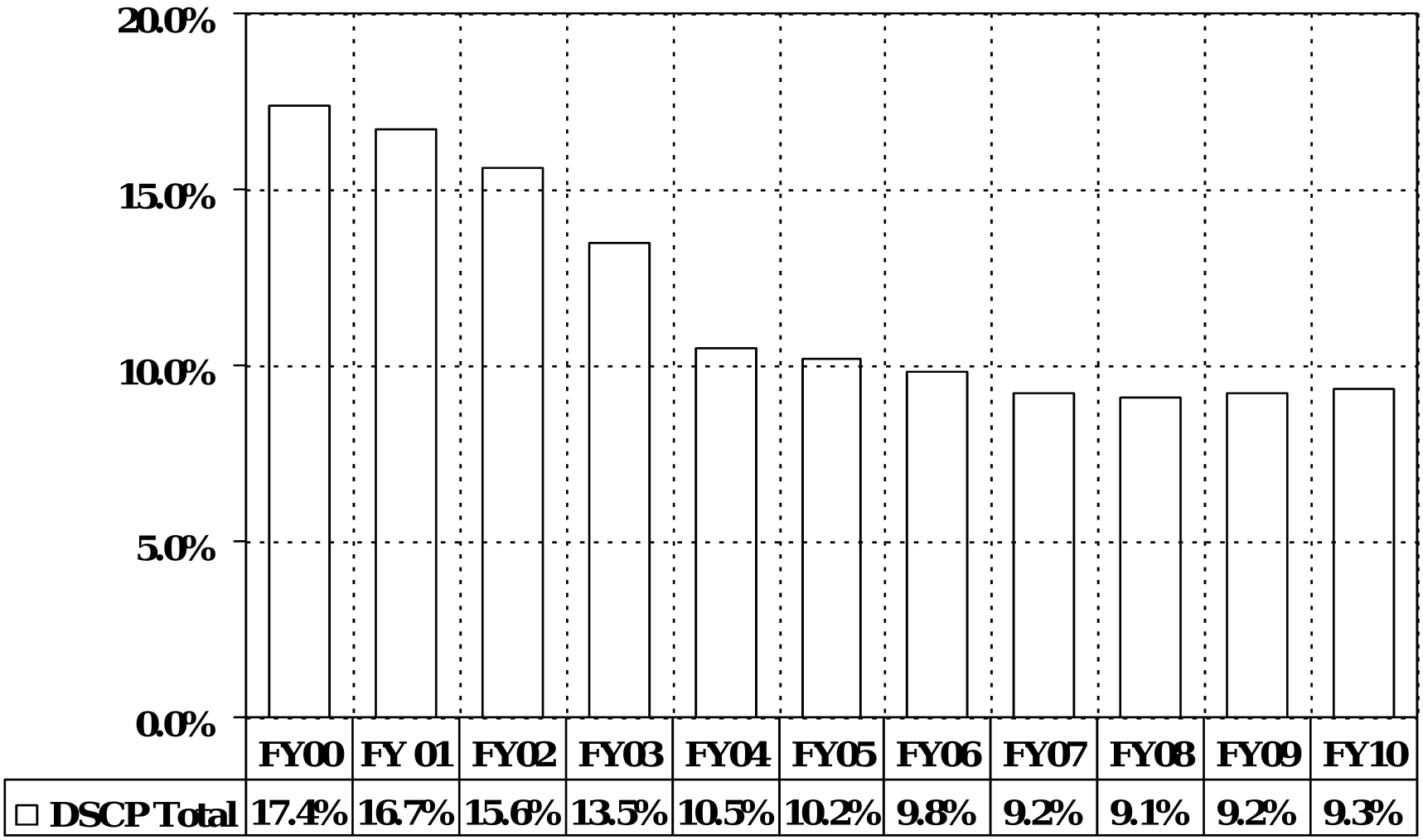


Cost Recovery Rate

Percent

Providing world class support
At a reasonable price

DSCP
Cost Recovery Rates
FY00 – FY10



	FY00	FY 01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
□ DSCP Total	17.4%	16.7%	15.6%	13.5%	10.5%	10.2%	9.8%	9.2%	9.1%	9.2%	9.3%

Global War On Terrorism / OEF / OIF
FY02 – FY04

$3.8B

Reconstitution Project Codes

DSCP 15K (Reqns) $212M

Medical

Req. 267K $304M

DCST Personnel: 6
SPV Team: 3

OEF-Philippines $ 6.7M
Food, Water, Concertina Wire

Drawdown ISO Afghan National Army $2M
- Clothing (Two shipments)

Class I: 347K (reqns) $1.3B
MREs 83M meals
H&S 316M Meals
UGR-As 47M Meals

Troop Support

Cold Weather Gear	$138M
Tents	$259M
DCUs	$180M
Boots	$ 49M
JSLIST	$340M
Other Chemical Gear	$ 92M

FMS - Jordan $3M
- Medical and Clothing

Humanitarian: $21M
Wheat Deliveries: 3.5M lbs.
HDRs: 7.0M Meals
Blankets: 151K
Dates: 49K lbs.

Class IV/VII Support

Class IV 329,984 Reqns
$563M
MRO Prime Vendor
$206M

OEF/OIF
Lessons Observed

- **Timely & Accurate Forecast of Customer Requirements**
  - **Sealift Vs. Airlift**
  - **Industrial Base Production / Surge Capabilities**
  - **Bulk / Weight Challenges**

  } **All Commodities**
- **Forward Positioning of Class IV & IX**
- **Increase DLA Safety Levels…Military Unique Items**
  - **Cold Weather Gear / Shelters / Boots**
  - **Bandages**
  - **Develop and Adhere to Feeding Plan**
- **Transportation…Theater Distribution**
  - **Expand / Enhance in Theater Transportation Network**
- **Force Protection**
  - **Civilian Contractors on Battlefield**

Executive Agent – Classes I, II, IV, VIII

Subsistence Prime Vendor in Kuwait / Iraq
EA in Action

- DLA already manages the Supply Chains
- Planning / Collaboration with Customer is key (DLA LNO W/ COCOM)
  - Requirements forecasting
  - Readiness initiatives / awareness
- Partner
  - Long term contracts / surge & sustainment clauses / visibility over commercial supply chains
- Perform
  - When Combat Commander directed - How far forward to deliver?
  - DLA's Tailored Logistics Programs are already providing new levels of DLA support
  - Distribution, storage, transportation – key components
- Next Steps
  - Class I – Draft CONOPS and DoD Directive in formal coordination at OSD
  - Class II – CONOPS complete; under review at DLA-J4; approval and coordination with Services expected during 4th Qtr 04; Formal coordination will follow
  - Class IV - Draft Business Case Analysis / CONOPS and Directive in formal staffing and approval (at OSD since Aug 03)
  - Class VIII – Consensus from all stakeholders; in SECDEF Office for approval since early Apr 04

Transition from Concept Demo ICTs to R2.0 CRM Cells

12 Concept Demo ICTs will be dis-established, and 45 FOC CRM Cells/SSTs will be established

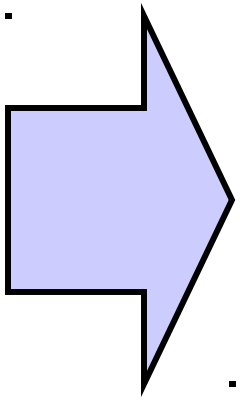
Concept Demo ICTs

DSCP ICTs supported by 3 Teams

Army Team:
- TRADOC
- ACES
- Army Troop Support

Navy, MC, Other Team:
- Navy Medical Logistics Command
- Navy Troop Support
- Marine Corps Troop Support
- Other Customers

Air Force Team



FOC/R2.0 CRM Cells/SSTs

Construction & Equipment
- 6 CRM Cells/SSTs at FOC

Clothing & Textiles
- 14 CRM Cells/SSTs at FOC

Medical
- 8 CRM Cells/SSTs at FOC

Subsistence
- 14 CRM Cells/SSTs at FOC

Troop & General Customer Operations

DSCPE Support to Customers – R 2.0

- **No new Troop & General items added for R 2.0**
- **With exception of Subsistence which is fully in R2 organization structure, only portions of FOC Customer Operations/Supplier Operations organizations currently impacted will be "activated/staffed"**
- **BSM transactional work will migrate from single Customer Operations Directorate to each of the Troop & General Supply Chains**

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C & T Customer Operations Organization Design (FOC)

D/DD DSCP

Clothing & Textiles Customer Operations Directorate
Director / Deputy Director Customer Operations

- Recruit Customer Facing Division
  - Army Recruit Cell
  - Navy Recruit Cell
  - USMC Recruit Cell
  - AF Recruit Cell
  - USCG Recruit Cell
  - Clothing Sales Stores Cell
  - National Guard & Reserves Cell
- OCIE Customer Facing Division
  - Army CIF Cell
  - USMC, Navy, USCG OCIE Cell
  - Air Force Individual Equipment Element Cell
- Other Customer Facing Division
  - Other C&T Customers Cell
  - Operating Forces Support Team
  - Other & FMS Support Team
  - Installation Support Team
- Item Planning Division
  - Dress Clothing IPT
  - Field Clothing IPT
  - Organizational Clothing IPT
  - Individual Equipment IPT
- Customer Support Division
  See DSCP Customer Operations Directorate

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Subsistence Customer Operations Organization Design (FOC)

D/DD DSCP

Subsistence Customer Operations Directorate
Director / Deputy Director Customer Operations

- **Garrison Feeding Customer Facing Division**
  - Northeast Region Cell
  - Central Region Cell
  - Southeast Region Cell
  - West Region Cell
  - Ships Cell
  - Europe Region Cell
  - Pacific Region Cell
  - Middle East Cell
- **Other Customer Facing Division**
  - DeCA Cell
  - USDA Cell
  - Other Subsistence Customers Cell
  - Operating Forces Support Team
  - Other & FMS Support Team
  - Installation Support Team
- **Item Planning Division**
  - Institutional Feeding IPT
  - Operational Rations IPT
- **Customer Support Division**
  See DSCP Customer Operations Directorate

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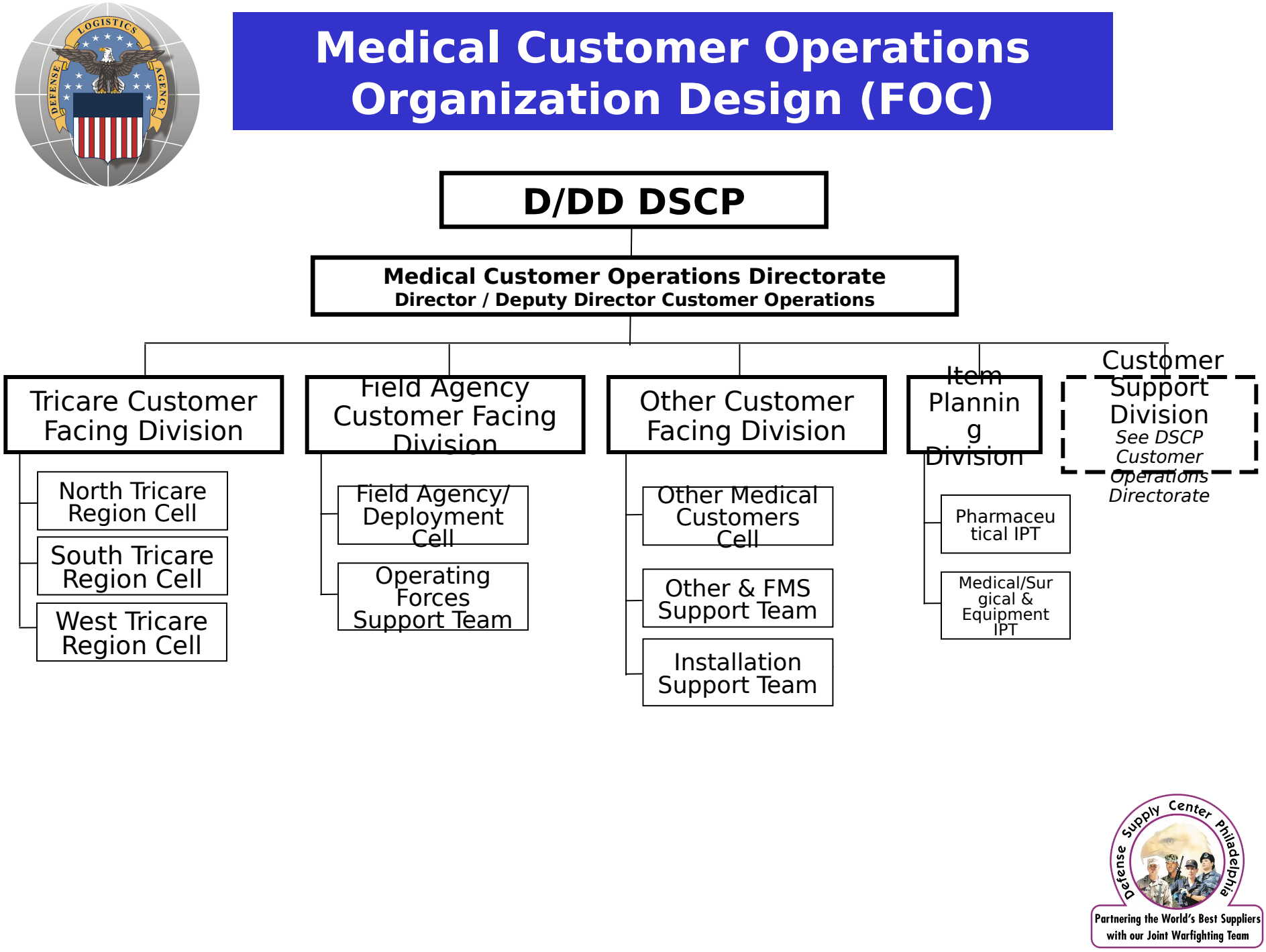
Medical Customer Operations Organization Design (FOC)



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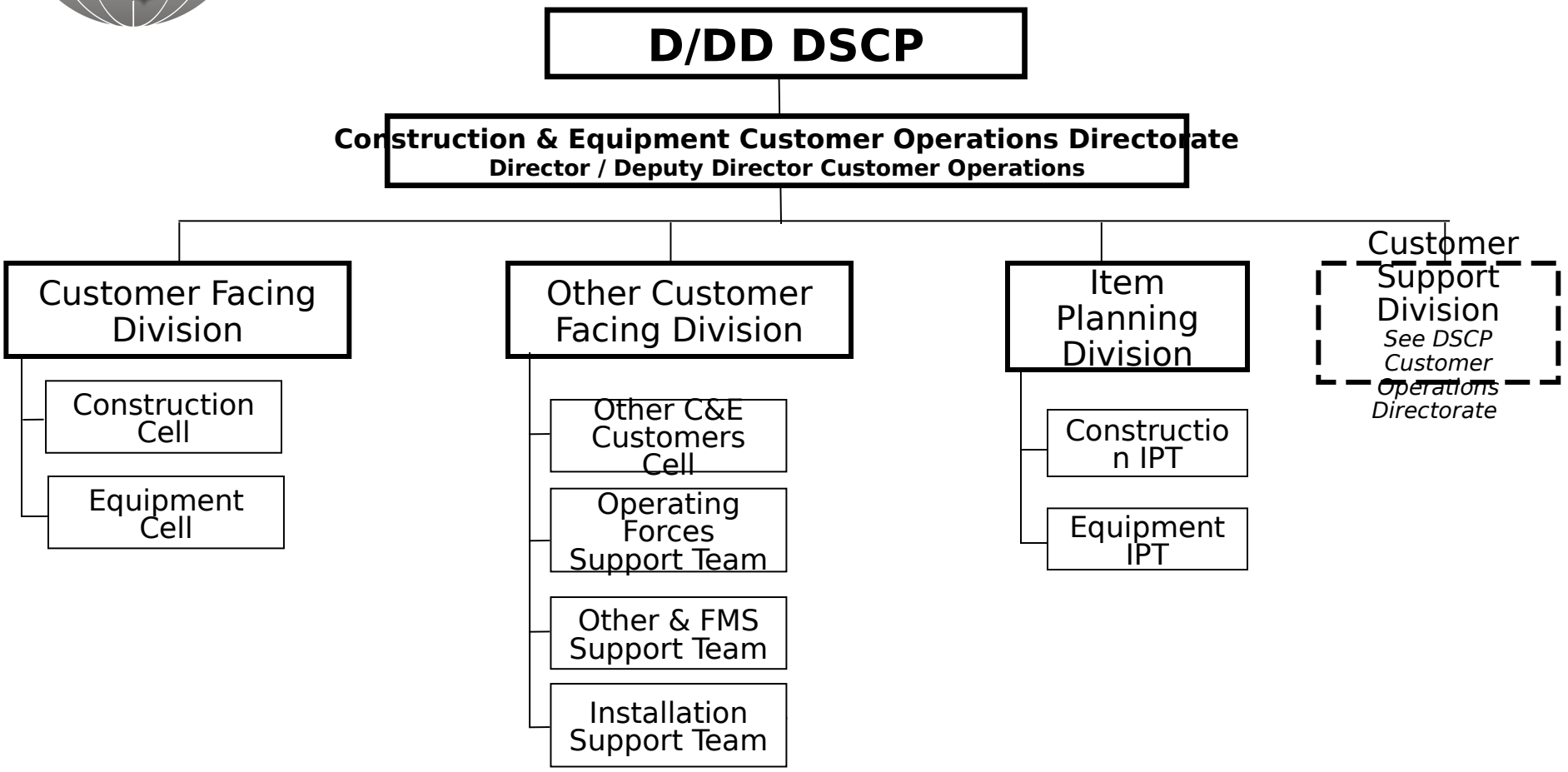
C & E Customer Operations Organization Design (FOC)



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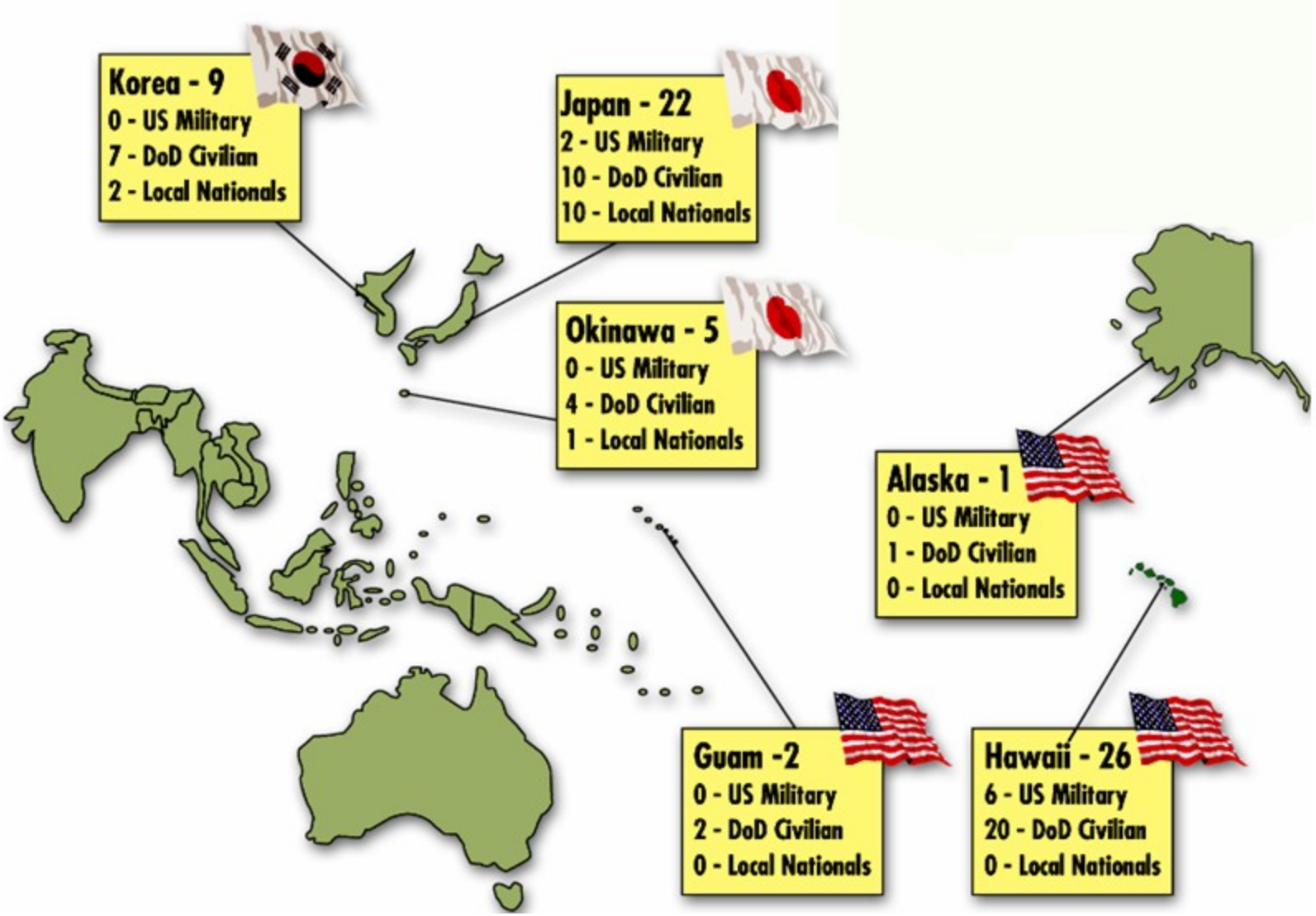
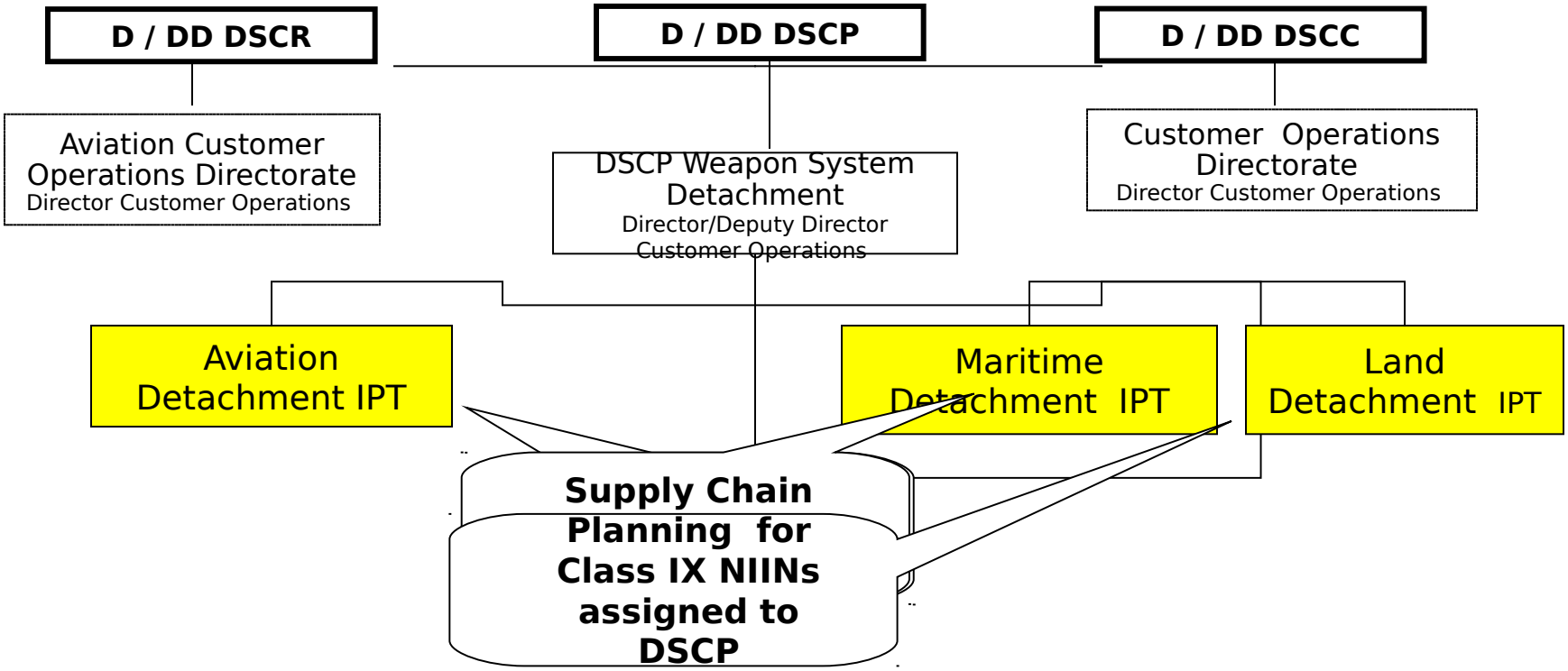
Forward Positioned … Customer Focused

Forward Positioned … Customer Focused



DSCP Weapons System Detachments
Proposed Customer Operations Organization Design


D / DD DSCR
D / DD DSCP
D / DD DSCC
Aviation Customer Operations Directorate
Director Customer Operations
DSCP Weapon System Detachment
Director/Deputy Director Customer Operations
Customer Operations Directorate
Director Customer Operations
Aviation Detachment IPT
Maritime Detachment IPT
Land Detachment IPT
Supply Chain Planning for Class IX NIINs assigned to DSCP

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Cell Profiles: Clothing & Textiles

Army CIF Cell

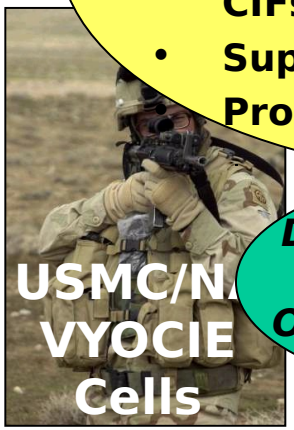
- Universal CAS Support
- Virtually 100% C & T
- Customers are Army Installation CIFs & Forward Locations
- Supported by TVR Programs/Forward Stocking

AF Individual Equipment Cell

- Universal CAS Support
- Virtually 100% C & T
- Customers are Air Force Installation
- Supported by Tailored Vendor Progra & Forward Stocking

USMC, Navy OCIE Cell

- Universal CAS Support
- Virtually 100% C & T
- Customers are USMC/Navy Installation CIFs & Forward Locations
- Supported by Tailored Vendor Programs & Forward Stocking

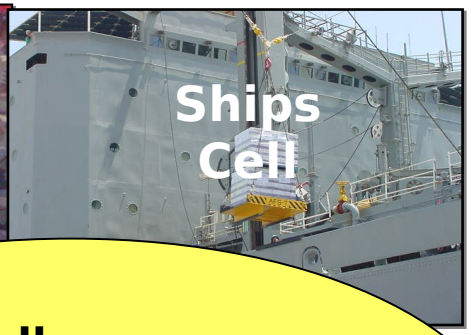


Clothing Sales Stores

- Universal CAS Support
- Virtually 100% C & T
- Customers are Installation Clothing
- Sales Stores
- Supported by Tailored Vendor Programs & Forward Stocking

DSCPE and DSCPP CASs also support Operating Forces Cells & Support teams

Cell Profiles: Subsistence Food Services



Europe Region Cell –

- Universal CAS Support
- Customers are Dining Halls in the European Region – all Services
- Subsistence PV Support
- STORES

Ships Cell –

- Universal CAS Support
- Customers are Re-supply Ships
- Subsistence PV Support
- STORES

Middle East Cell –

- Universal CAS Support
- Customers are Dining Halls/Deployed Troops in the Middle East Region – all Services
- Subsistence PV Support
- STORES

Other Subsistence Customers Cell –

- Matrix CAS Support
- Customers are Installation, Industrial & Operating Forces/DoD & Non-DoD

Provides Rations support to all customers who primarily procure non-Subsistence items

STORES

DSCPE and DSCPP CASs also support Operating Forces Cells & Support teams

Cell Profiles: Medical

North Tri-Care Region Cell

- Universal CAS Support
- Large % Medical; small % in other Supply Chains
- Customers are Installation Hospitals & Clinics in Europe
- Supported by PV progr

Field Agency/Deployment Cell

- Universal CAS Support
- Large % Medical; some Land & Maritime Supply Chain needs
- Customers are USAMMCE/Other Services Logistics Support Activities in Europe
- Supported by PV programs

DSCPE and DSCPP CASs also support Operating Forces Cells and Support Teams

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Cell Profiles: Construction & Equipment

Construction Cell

- Universal CAS Support
- MRO, Lumber, Metals & Class IV
- Customers are Installations in Europe
- Supported by PV programs

Equipment Cell

- Universal CAS Support
- Customers are Installations in Europe
- Heavy Equipment, Firefighting, Marine Diving, Pallets, Office Supplies, Containers & Material Handling
- Supported by PV programs

DSCPE and DSCPP CASs also support Operating Forces Cells & Support teams

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Cell Profile:
Troop & General Customer Operations

Army Operating Forces Cell

- Matrix CAS Support from all Supply Chains; DSCPE and DSCPP provide forward support
- DSCP Customer Operations is Lead
- Customers are Operating Forces and buy across all Supply Chains
- Multiple Cell Indentures for BSM Workflow & Reporting

Other Army Cell

- Matrix CAS Support from all Supply Chains; DSCPE and DSCPP provide forward support
- DSCP Customer Operations is Lead
- Customers are Operating Forces and buy across all Supply Chains
- Multiple Cell Indentures for BSM Workflow & Reporting

Enterprise Other Cell

- Matrix CAS Support from all S Chains; DSCPE and DSCPP suppo rare, if at all
- DSCP Customer Operations is Lead
- Customers are Other and buy across all supply chains; many are inactive

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Department of Homeland Security

- **Develop Corporate Engagement Strategy for DHS/HLS**
  - **Points of engagement for DSCP Command:**
    - **Mr. Greg Rothwell, DHS Chief Procurement Officer**
    - **Gary E. Moore, FEMA Logistics Branch Director**
    - **Eric Tolbert, Director, Emergency Response Division**
- **20 July: DHS/FEMA & DSCP entered into an Interagency Agreement (IAA) to support the National Disaster Medical system with FEMA**
  - **3000 items crossing Supply Chains**
  - **$11.8 M with approximately $600K pending**

Clothing & Textiles
The BIG Picture

Inventory

$2.3B FY90

$1.2B FY01

$1.1B FY02

$ 1.0B FY03

Inventory Reduced 50%

GOAL – FY 04 $1.2B

31K NSNs
8K Generics
3.3M Requisitions
14K Customers
220 Vendors

Sales

FY01 $1.2B
FY02 $1.5B
FY03 $2.0B

$1.6B thru 15 June 04
GOAL – FY 04 $2.9B

Personnel

Military – 5

Reservist – 4 (1 deployed)

Civilian – 303

Material Obs:

FY01 $1.1B
FY02 $1.6B
FY03 $2.8B
FY04 $1.5B thru 15 June 04

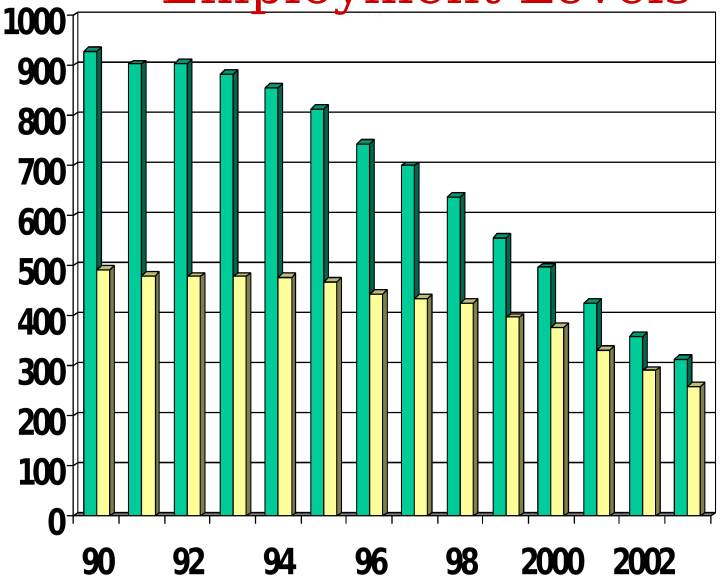
OBS GOAL – FY 04 $2.2B

The Berry Amendment and the Domestic Industry

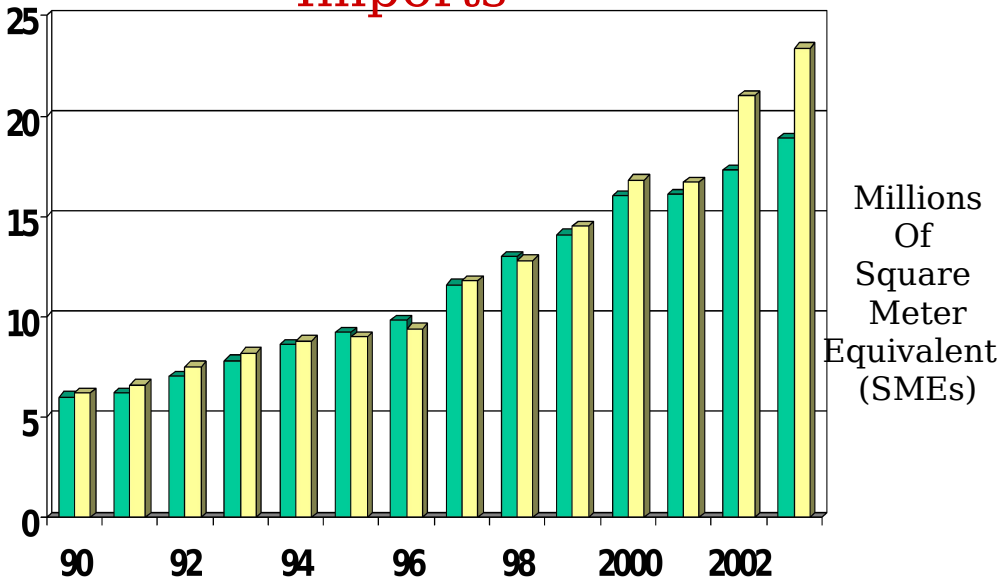
➢ *Berry Amendment*

- Restricts US DoD to domestic sources for C&T items
- In existence in some form since 1942
- 1994 permanent by Public Law 102-396
- Readiness Concerns
  - Goes down to low level components & processes
    - (Ruff on CW Jacket – DNAD Review/Approval Delay)
- Studies by C&T (Aug 02) and Department of Commerce (draft Aug 03)

Employment Levels*

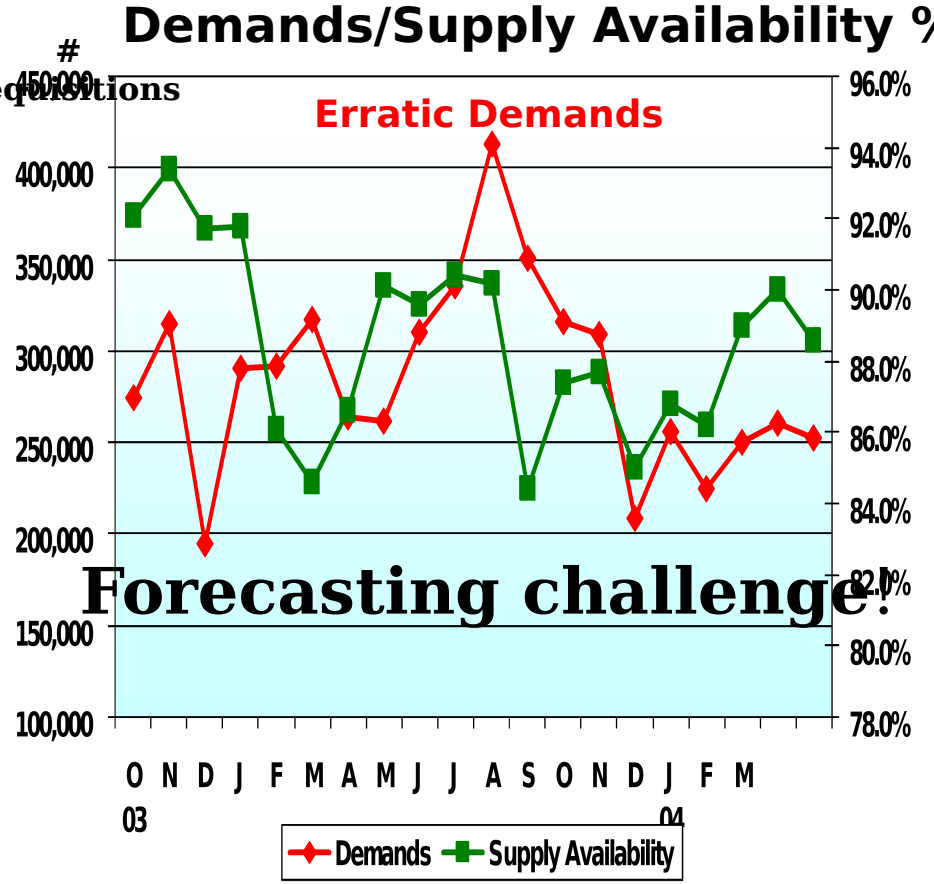


Imports*



* Source: American Apparel and Footwear Association (AAFA) – March 04

OEF / OIF Challenges



- C&T has bought in advance of buys for OIF/OEF
  - ✓ OTV, SAPI, JSLIST, BDUs, Boots, Tents, Advanced Combat

Tents and Tactical Shelters

Being Proactive in a Nation at War

- **DSCP working to be the shelter provider**

- **Awarded $172M for shelters (various types) from Sep 03 - Mar 04**
  - ✓ **Three contracts, worth $30M, began deliveries in Jan 04**
  - ✓ **Another three contracts, worth $73.4M, will begin delivery in May 04**
  - ✓ **Four contracts, worth $68.6M, will start delivery in Oct-Dec 04**

  - ✓ **Delivering 7K shelters / month (of all types) vs. current requirement of 6500 /month**
  - ✓ **However, some shelters are in short supply (demand outstrips supply)**
    - ✓ **e.g., MGPTS, TEMPER**

- **Current value of shelter backorders at standard price is approx $123M**
  - ✓ **“Ramping up” deliveries to 8.7K shelters / mo as of Jul 04**
    - ✓ **Addresses situation with certain “high demand” shelters and reduce backorders**

Army Combat Uniform (ACU)

- **Replaces all current versions of BDU and DCU Coats and Trousers**
  - **Made with same fabric as HW BDU**
  - **Design will be substantially different**
  - **Shade will be a 3-color pattern**
- **Need to outfit 1.1M soldiers with 4 sets**
  - **Total of 5.2M initial issue**
  - **Target date for completion: Apr 2008**
- **Gradual phase-in**
  - **Deployed forces: Apr 2005 (start date)**
  - **Recruit centers: Oct 2005**
  - **Sales stores: Apr 2006**
- **Army Issues: All other items to match new pattern**
- **Estimated Cost: FY 04 $68.8M**
  FY 05 $667.9M
- **Solicitation Closes: Sep 04**
- **Target Award: Jan 05**

Army Direct Ordering (Desert Ensemble)

- **CSA directed web-based ordering for the AOR**
  - ✓ **DSCP plans to use subcontractor Kentucky Logistics Center (KYLOC)**
    - **Currently kits shipments/patches/tapes for ARNG / Navy & MC Reserves**
- **Concept**
  - ✓ **Soldier using Army Knowledge On-line (AKO) account which provides link to KYLOC DCU web site**
  - ✓ **Soldier places order for Desert Ensemble (up to 7 items)**
  - ✓ **Unit commander places order using MILSTRIP**
  - ✓ **KYLOC**
    - **Sews patches / tapes**
    - **Ships to soldier's APO address using US Postal Service**
- **Test**
  - ✓ **Test Group: 10 company size units (2K) within the AOR for a period of 120 days begun 3 May 04**
  - ✓ **No orders to date – CJTF-7 required "Direct order" from Army G-4 to participate in test – currently in process**

Boots
Cold Weather Coats
BDU Coats
BDU Trousers
Caps
Hats
Helmet Covers

Interceptor Body Armor

- **New modular Multiple Threat Body Armor**
  - ✓ **SAPI – Small Arms Protective Insert**
    - ✓ **8 current producers (50K/month)**
    - ✓ **664K delivered to**
  - ✓ **OTV – Outer Tactical Vest**
    - ✓ **4 current producers (25K/month)**
    - ✓ **419K delivered through Jul 04**
  - ✓ **Meets stringent standards**
    - ✓ **Each lot ballistically tested**

- **Army Aug 02 fielding plan = 24K per year**
  - ✓ **Current requirement = Army 25K/month**

    Air Force 9K/month

JSLIST Chemical Suits

Being Proactive in a Nation at War

- **DSCP, in conjunction with the JSLIST PM, has correlated acquisition of JSLIST with demand**
  - ✓ **Matches funding with current production capability as constrained by fabric shortage (appr. 100K suits/month)**
  - ✓ **Already over 3 million suits delivered since FY-98**
- **DSCP working to expand material production base**
  - ✓ **Working to bring an additional "carbon bead" producer online (expand production to 100K/month)**
  - ✓ **Additional expected during CY 05**
- **Maintain Vendor Surveillance**
  - ✓ **C&T Deputy Director and DCMA Southern Europe visited German filter fabric maker in Mar 04 to observe facility expansion and assess production capacity**

Normal AMD– 46K
Current AMD– 146K
317% INCRE

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Rapid Fielding Initiative Equipment

Force Protection/Mobility

- Advanced Combat Helmet (ACH) and Accessories
- MICH Comms Systems and Accessories
- ICOM Repair Parts Kits
- Knee and Elbow Pads
- Haligan Tool
- Grappling Hooks
- Door Ram
- Battle Axe
- Fiber Optic Viewer
- Quickie Saw and Replacement Blades
- Modular Entry Tools
- Double Key – Cuff

Lethality

- Weapon Light
- 249 Rail
- 240 Rails
- M122/A1 Tripods
- Small Binoculars
- VIPER (VECTOR 21)/Mark VII
- Shotgun (Lightweight Shotgun System)
- Mk XII Target Locator
- Assault Ladder
- MBITR
- Light Weight GPS
- M4/M16 Magazines
- M249 Ammo Soft pack
- M240 Combat Ammo Pack

Soldier Mission Essential Equipment

- Black Fleece Bibs
- USSOCOM Silk Weight Underwear
- Hydration System
- Wiley-X Goggles
- Glove System
- Cold Weather Cap
- MOLLE and Accessories
- AF Desert Flyers Boot
- Standard Army Desert Boot
- Individual Combat Shelter
- Multipurpose Tool
- COTS Socks (4 Per)
- T-Shirts
- Combat Belt
- Duffel Bag
- Modular Sleep System
- CW Fleece Caps
- Women's Sport Bras/Pants

$192.6M

Individual Weapons Optics

- Close Combat Optic (M68)
- TA31F (4X ACOG)
- Machinegun Optic

DSCP manages 22 of the 49 items
Clothing & Textile items highlighted in red
General & Industrial Items highlighted in green

List Approved by DCD USAIS 22 Aug 03

IBA funded separately, not part of RFI

DLA/Army Transformation of OCIE Management (TOM) Initiative

- **Army requested DLA assume greater role in OCIE mgmt**
  - ✓ **Phased implementation plan approved Feb 03**
  - ✓ **Program revised in Nov 03 – Aligned w/ NIMS Enterprise**

- **Issues**
  - ✓ **Point of sale at counter – DLA owns new material in CIF**
  - ✓ **Used inventory – all Army owned**
  - ✓ **CIF operations remain an IMA mission**
  - ✓ **Army programs – "retained issue", direct ordering and "soldier as a system" … may impact future role of CIF's**
  - ✓ **DLA Capitalization of CIF Inventories**
  - ✓ **Centralized funding of OCIE Army wide**

- **Apr 04 meeting – DLA J3 and Army G-4**

- **May 04 – Update Briefs to DLA-D and Senior J-Codes**
  - ✓ **Army moving to Retained Issue of OCIE and Army Direct Ordering (ADO) as sustainment vehicle reducing CIF requirem**
  - ✓ **IPT to meet Jun 04 to determine implementation plan**
  - ✓ **Impact on AMC plan to place body scanners at CIFs**

Generally on-hold awaiting scope/rollout decision

General & Industrial Construction & Equipment

$ales

FY00 $1.22B
FY01 $1.53B
FY02 $2.00B
FY03 $2.59B

Sales per Employee
FY00 $978 K
FY01 $1.2 M
FY02 $1.5 M
FY03 $2.1M

Inventory

Inventory Reduced 39.7%

FY90: $1.557B
FY02: $910.9M
FY03: $939.6M

Personnel

Down from 1,200 in June '99

Military: 13 Civilian: 94

209 FSCs

1.2M NSNs

5.7M Regns

Backorders

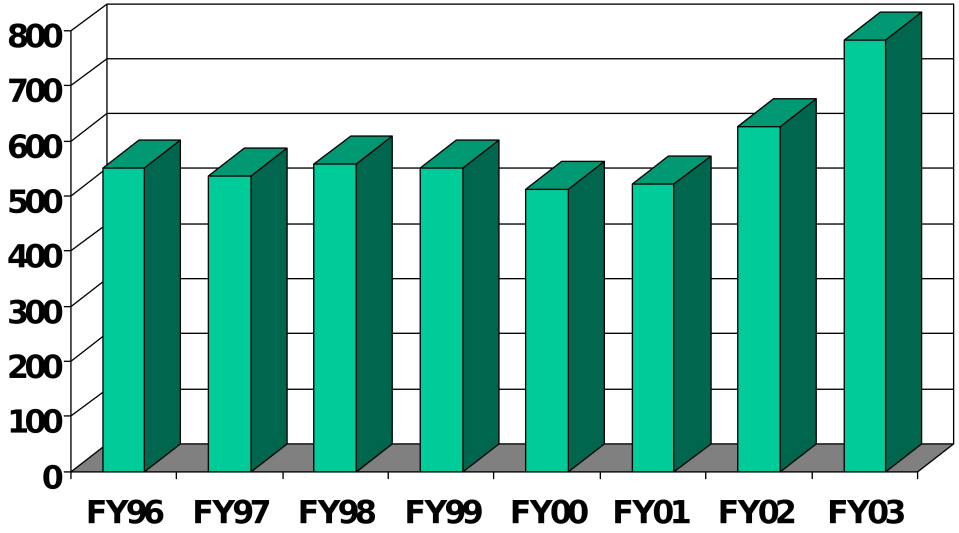
May 04: 145,230

Down from 226,873 May '00

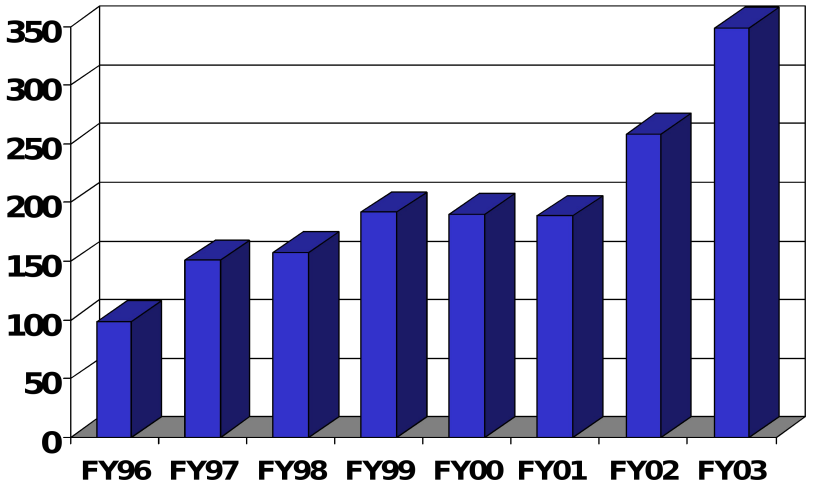
Sales Mix Shift

Sales figures in $ Millions @cost

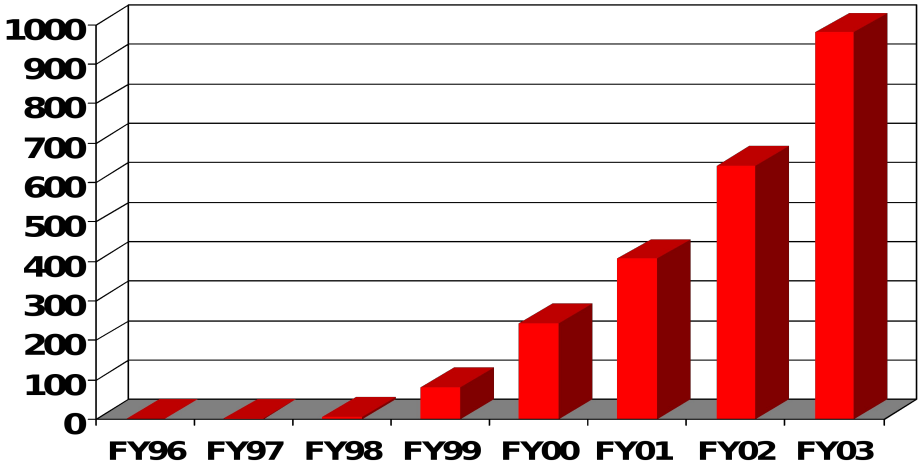
Stock



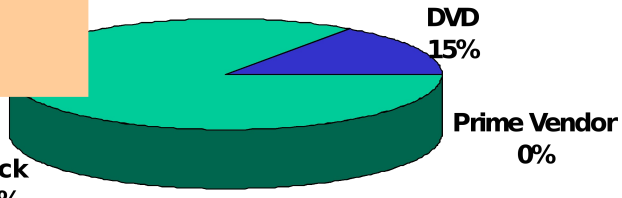
DVD



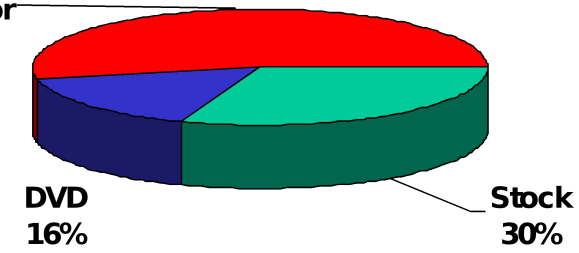
Prime Vendor



FY96 Mix

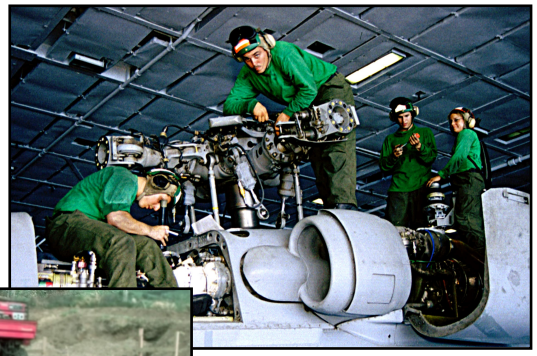


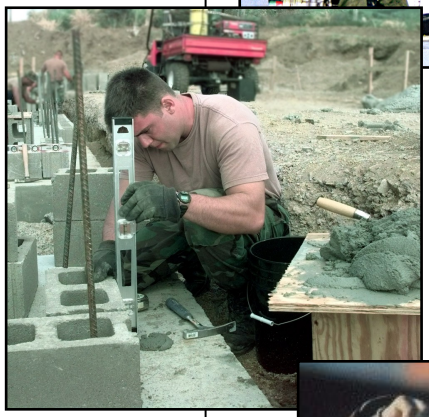
FY04 Mix (May 04)



Prime Vendor Common Features

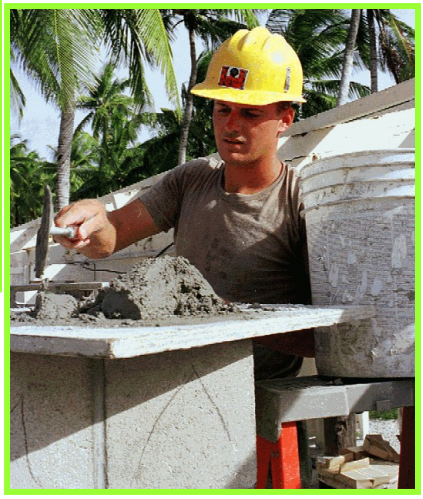
- One Vendor Fulfilling All Requirements - “One Stop Shopping”
- 24/7 Support
- Routine/Emergency Delivery
- Electronic Ordering
- Consolidated Billing
- Material Returns
- Name Brand Products
- Value-Added Services
- Surge/Contingency Coverage
- Assigned Customer Representatives
- Infrastructure Savings
- Inventory Savings
- Leveraged Buying





MRO Program

Total MRO Materials Support - electrical, plumbing, HVAC, paint, lumber, tools, hardware & miscellaneous building supplies



"Kadena AB now able to do 500+ work orders per month with MRO vice <100 using traditional"

Readiness Success:Guantanamo POW facilities material was shipped within 72 hours

00 SITES	01 SITES	02 SITES	03 SITES	04 SITES
196	271	352	536	516

FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04 (MAY04)
$938,622	$7,042,590	$56,969,409	$142,579,327	$187,258,542	$291,218,801	$447,909,818	$502,678,833

MRO CENTCOM
Background (MRO Iraq)

- **Initial: Contract with Theodore Wille Intertrade (TWI); Sep 2003 – 90 days / $65M**
- **Current: Three (3) One-Year Contracts; Dec 2003 with 3 Contractors**
- **Long-Term Contract in development**
- **Estimated award date Dec 2004**

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MRO Services

Services include:

Ventilation
Grounds Maintenance
Renovations
Asbestos Removal
Painting

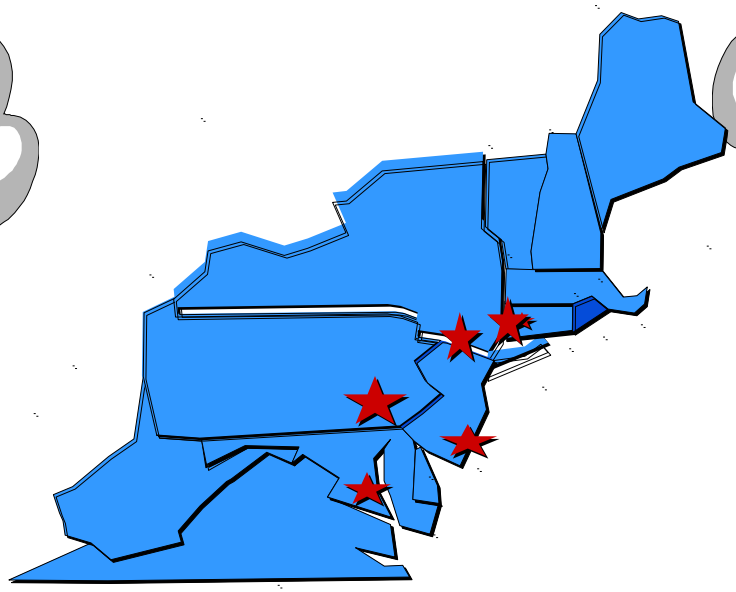
Placing Orders Process (<30 Day Timefram
Customer submit a SOW
Site Visit is made if Necessary
Pricing Sheet submitted to Prime Contracto
Evaluate Bids
Funding made by Customer

MRO Services
Award Status

Contracts awarded September 01

Sales FY02: $18.4M

Sales FY03:$34.2M



Major Customers:
West Point
Andrews AFB
St. Elizabeth's Hospital
Dover AFB

Participating Customers by Service

			FY 02	FY 03
USCG	--	3	$ 177,288	$ 1,457,093
USA	--	5	$ 3,279,303	$ 7,649,628
USN	--	7	$ 1,094,303	$ 5,687,511
USAF	--	5	$10,374,411	$ 14,120,303
Other Fed	--	8	$ 871,377	$ 3,907,313

Schedule of Implementation

Region	Projected Awarded
Award	___
Northeast	Sep 01
Southeast	Apr 04
Southwest/Hawaii	FY04
North Central	FY05
Northwest/Alaska	FY05

Marine Lifesaving & Diving Prime Vendor

Commercial diving equipment
Search and rescue equipment
Tactical gear, repair parts, tools and services

Program is Available World-Wide

Supporting dive lockers, ships, submarines, aircraft, search and rescue missions, training, testing, and medical facilities.

00 SITES	01 SITES	02 SITES	03 SITES	04 SITES
223	605	811	913	1,009

FY99	FY00	FY01	FY02	FY03	FY04 (J UN04)
$252,034	$4,236,415	$14,064,217	$31,347,459	$68,270,432	$213,706,911

Fire and Emergency Prime Vendor

Breathing Apparatus, Hoses, Nozzles, Regulators, Fire Alarm Systems, Suppression Systems, Extinguishers, Related Services and Training Needs

Customers are saying…

"…eliminates costly credit card usage and allows base personnel to concentrate on core competencies rather than shopping for equipment."

United States Coast Guard Base in San Juan

NFPA/OSHA Compliance

Expanding Non-Traditional Business

- ***Partnering with Dept of Justice to Provide Equipment & Training to State & Local Jurisdictions under DOJ Grant Program000***

00 SITES	01 SITES	02 SITES	03 SITES	04 SITES
265	623	862	970	850

FY98	FY99	FY00	FY01	FY02	FY03	FY04 (J UN04)
$0	$183,296	$4,598,269	$8,196,996	$20,625,386	$68,986,026	$132,659,669

Integrated Prime Vendor (IPV)

Maintains on-site stock of expendable items used to repair or overhaul weapon systems via comprehensive supply chain management techniques tailored to individual customer requirements

- **Average fill rates > 98% availability**
- **"Push" system versus "Pull" requisition driven for managing benchstock locations**

Direct Benefits to the Warfighter

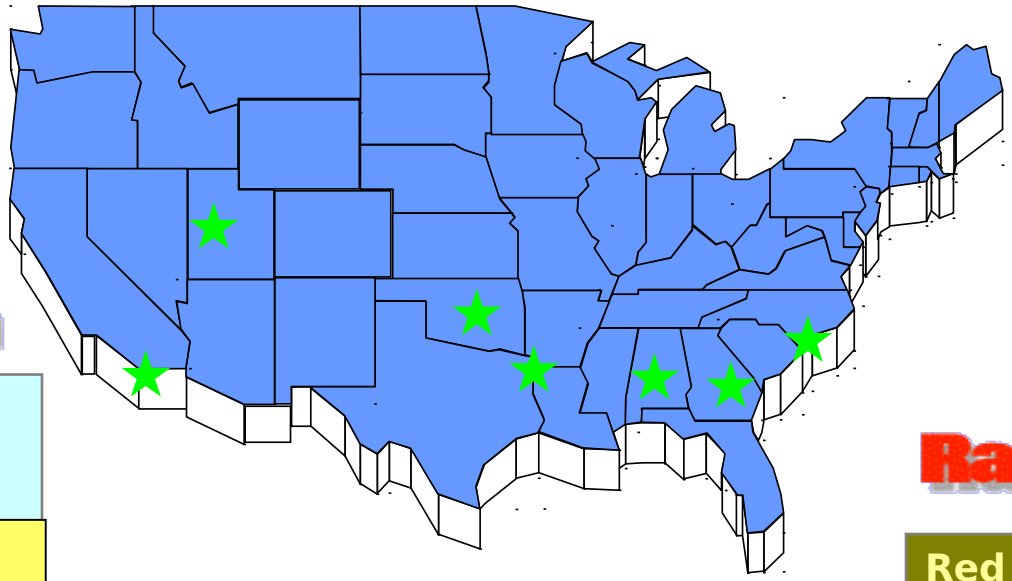
REDUCED:
- LRT
- Materiel Costs
- Transactions
- Inventory Investment
- Storage, Handling & Transportation Costs

INCREASED:
- Material Availability
- Readiness
- Financial Accountability
- Rapid Response to Unanticipated Needs
- Infrastructure Streamlining

00 SITES	01 SITES	02 SITES	03 SITES	04 SITES
12	9	7	7	7

FY98	FY99	FY00	FY01	FY02	FY03	FY04 (MAY04)
$0	$6,798,785	$30,591,247	$72,838,341	$102,929,327	$153,944,016	$119,129,454

Active/Potential IPV Sites



Raytheon

NADEP Cherry Pt
NADEP North Island

NADEP Jacksonville

Science Applications Intl Corp

Air Logistic Centers
- **Warner-Robins**
- **Oklahoma City**
- **Ogden**

Raytheon

Red River AD
Anniston AD

Letterkenny AD
Red Stone AD

IPV What's Next

<u>Generation II</u> –

- **Scope**
  - **Customer groups**
  - **Consolidated demand**
- **Requirements**
  - **Customer prescribed**
  - **Worldwide demand (selected items)**
- **Level of service**
  - **Wholesale - replenishment**
- **Looking to implement at operational sites worldwide**

Heavy Equipment Procurement Program (HEPP)

2,400 Commercial Heavy Equipment Products

Long Term "Commercial Type" Requirements Contracts"

- Average ALT = 16 Days
- MIPR, Requisition or Credit Card Ordering
- 1% Cost Recovery Rate

Construction Equipment, MHE, Fire/Rescue Vehicles

- ★ 10 Year Contracts
- ★ OEM's

HEPP is Available World-Wide

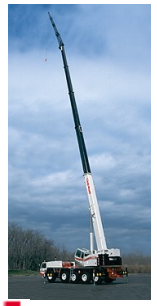
Interactive On-Line Catalog
http://dscp.dla.mil/gi/general/hepp.htm

00 SITES	01 SITES	02 SITES	03 SITES	04 SITES
290	382	395	407	377

FY98	FY99	FY00	FY01	FY02	FY03	FY04 (APR04)
$0	$4,110,049	$38,977,689	$94,278,489	$113,864,134	$183,024,986	$100,572,177

Heavy Equipment Procurement Program

KOMATSU



Link-Belt CRANES

DitchWitch THE UNDERGROUND AUTHORITY WORLDWIDE

JOHN DEERE

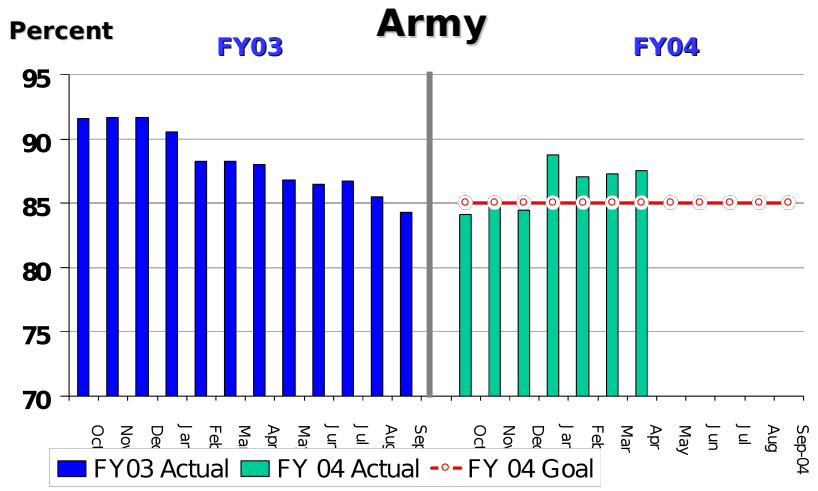
CATERPILLAR®

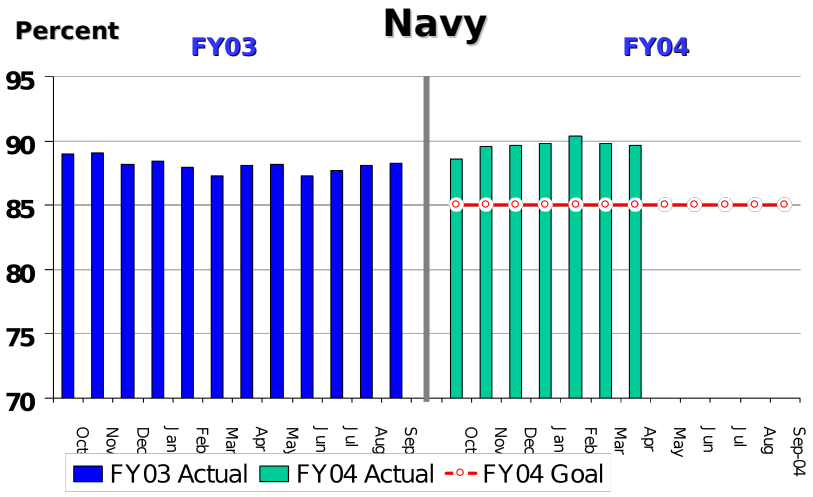
MAJOR CUSTOMERS

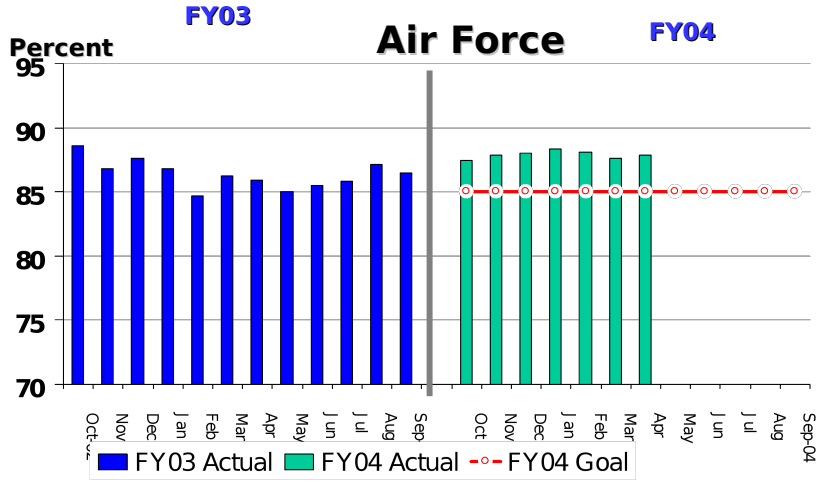
AIR FORCE

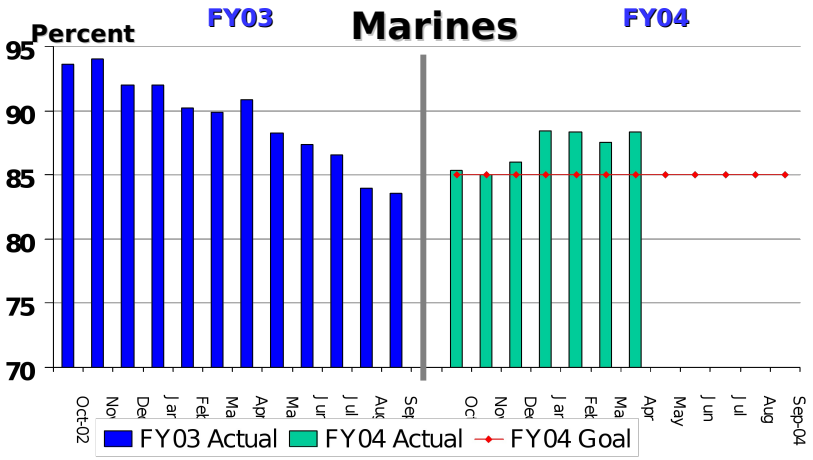
- ~~FORBES~~
- ~~TRAVIS~~
- ~~ALTUS~~
- ~~MCCONNELL~~
- ~~MCGUIRE~~
- ~~DOVER~~
- ~~MOUNTAIN HOME~~
- ~~BARKSDALE~~
- ~~LITTLE ROCK~~
- ~~EDWARDS~~
- ~~VANDENBERG~~
- ~~PETERSON~~
- ~~SCHRIEVER~~
- ~~BUCKLEY

G&I Weapon System Supply Availability









Directorate of Subsistence

The Big Picture

Total Inventory

FY91	$471M
Sep 03	$215M

- 54 Prime Vendor contracts
- DeCA supplier of choice
- Prepositioned combat feeding
- Move to 1 retail food system

Sales

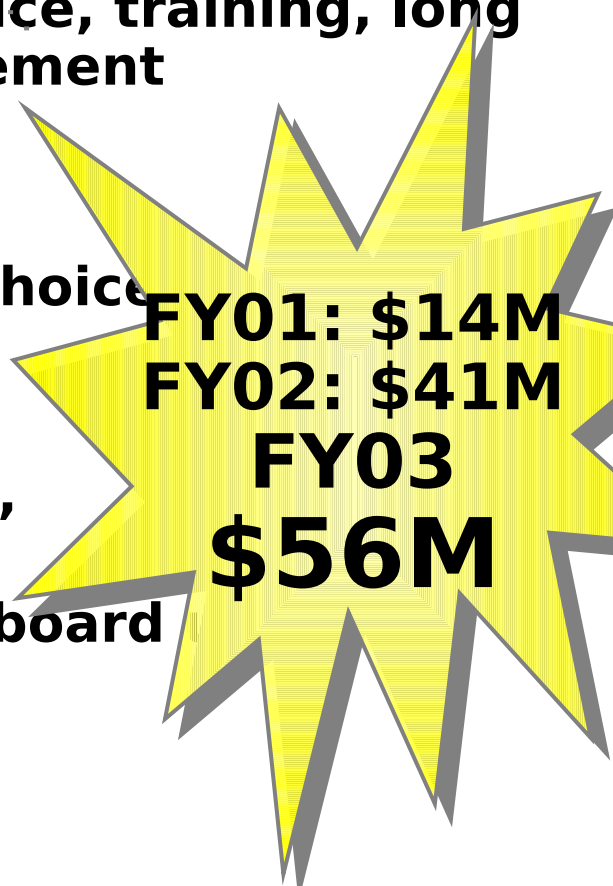
FY02	$1.8B
FY03	$2.8B

Personnel

	Military	Civilian
Headqtrs	11	307
Field	3	120
	14	427

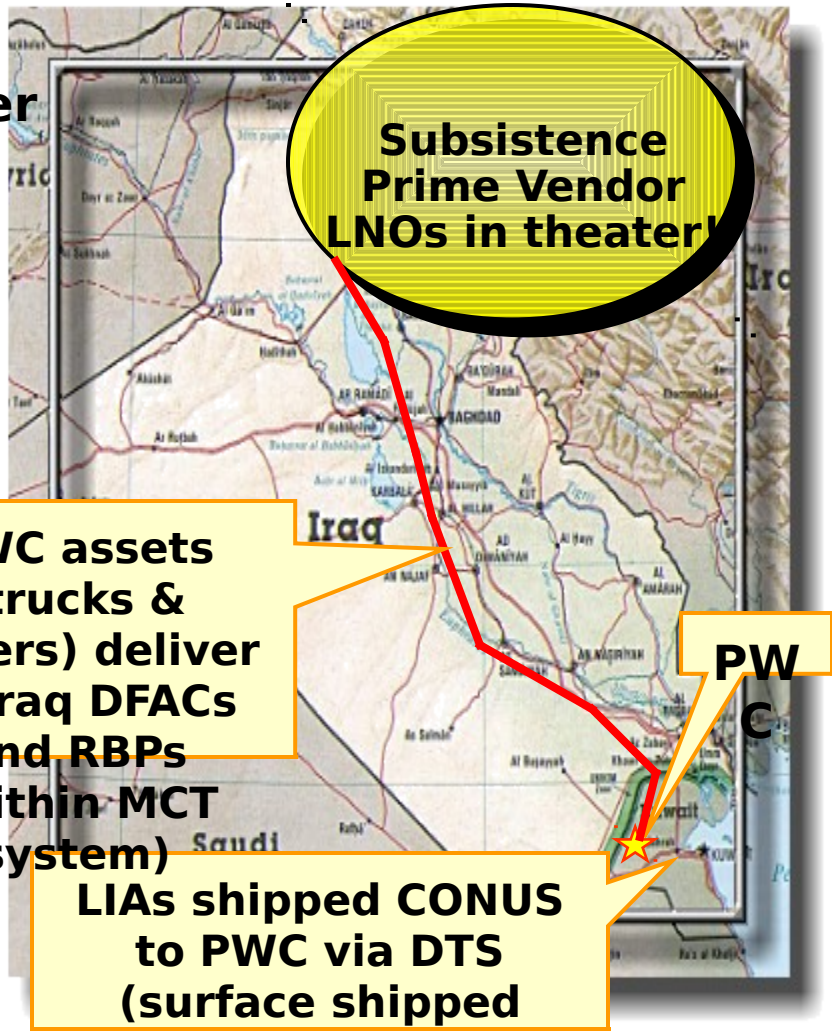
Food Service Equipment
Prime Vendor

- **Four global regional prime vendor contracts**
- **Provides equipment plus full life cycle support**
  - **Design, installation, warranty service, training, long term maintenance, repairs, replacement**
- **Value added**
  - **Direct ordering with vendor**
  - **One-stop shopping… brand name choice**
- **Available items**
  - **Icemakers, griddles, refrigerators, ovens, dishwashers, coffee makers, repair/spare parts**
  - **Only Navy approved items for shipboard**



OIF Subsistence Prime Vendor Executive Agent in Practice

- **PWC - Subsistence Prime Vendor in Kuwait, acting as Subsistence Theater Distribution Center for OIF support**
- **Supporting both dining facilities and field feeding sites…deliveries made via own assets**
- **Current Feeding Cycle:**
  Dec 03 Theater incorporated Army 21
  Day Menu (Kosovo model)
  - **Field sites A-M-A**
  - **DFACs A-A-A-A**
- **Convoy C2 Issues being address**
- **Refrigerated Storage analysis underway**
- **Transition to Prime Vendor commenced 1 Feb… incremental roll-out for Iraq now completed**


Subsistence Prime Vendor LNOs in theater!
PWC assets (trucks & drivers) deliver to Iraq DFACs and RBPs (within MCT system)
PW
C
LIAs shipped CONUS to PWC via DTS (surface shipped through Kuwait
Iraq
Saudi

SPV Afghanistan

- **Current:**
  - **Weekly teleconferences with CJTF-76 and CENTCOM to discuss Class I issues**
  - **Class I storage in Afghanistan is limited. Permanent facilities currently nearly completion at KAF and construction soon to begin at Bagram (BAF).**
  - **Significant container backlog at port of Karachi. DSCP sent Level 6 data re-formatted via spreadsheet to customer to enable them to identify containers to be “called forward”.**
  - **Surge in orders recently, contributing to Karachi port congestion.**
- **Future:**
  - **Platform proposal received from PWC (Regional Prime Vendor). To be negotiated.**
  - **Timeframe to complete platform and become operational is 9 months.**
  - **Interim measure may be to place PWC Customer Service reps in region and have them assist in inventory and replenishment decisions**

DLA Worldwide MRE Management (cases)

Congressional Language Raised WR level To 6M Cases

CONUS- Level OH

Army	432K	975K
Marine	72K	202K
AF	183K	183K
Navy	20K	20K
DLA	1.72M	320K

Korea – Level OH D/In

Army	127K	104K	34K
Marine	10K	0	10K

Europe- L

Army	1	
AF	40K	38K

Japan - Level OH D/In

Army	99K	83K	17K

Southwest Asia – OH D/In

57K 450K

Hawaii- Level OH

Army	39K	39K

Okinawa - Level OH

Marine	43K	45
AF	10K	10

Prepos - Level OH

Army	568K	25K	(2 of 10)
Marine	272K	142K	(10 of 13)

Guam - Level OH

AF	4K	4K

TOTAL LEVEL OH

4.1M

Tailored Operational Rations

- **Individual Field Feeding Program**
  - **Meal, Ready-to-Eat**
  - **Meal, Religious, Kosher/Halal**
  - **Meal, Cold Weather (MCW)**
  - **Food Packet, Long Range Patrol (LRP)**
  - **Tailored Operational Training Meal (TOTM)**
  - **Meal, Alternative Regionally Customized (MARC)**
- **Group Field Feeding Program**
  - **Unitized Group Ration (A and Heat &Serve options)**
  - **Unitized B Ration (USMC only)**
- **Survival Rations (Food Packet)**
- **Humanitarian Daily Ration (HDR)**
- **Health & Comfort Pack (HCP)**
- **Ultra High Temperature Milk (UHT Milk)**

New!

The right product for the mission!

Current DoD Food Management Systems

- USA-AFMIS
- USAF-CFS
- USN-FSM
- USN-NFMIS
- USMC-MCFMIS
- MSC-MSCFSM
- USCG-NONE

Multiple Systems
Similar Functions

- Prime Vendo
- Market Ready
- DSO (produc
- DSCP (ration

New Common Food Management System (CFMS)

CFMS

- Reporting
- Food Mgmt
- Meal Planning
- Inventory Mgmt
- Menu Creation
- Receipting
- Nu...

STORES

Subsistence Total Order & Receipt Electronic System

- Catalogs
- Orders
- Receipts

Suppliers

- Prime Vendo
- Market Ready
- DSO (produc
- DSCP (ration

Web Based
$60M Savings
Commercial Off The Shelf (COTS)
4.5 Year ROI

BSM

One DoD Retail System
$120M Life Cycle Costs
Funding FY05-FY11
Deployment FY06-

Directorate of Medical Materiel

67,000 NSNs
<2,000 stocked
264,000 PV items
1.2 million + ECAT items

Total Inventory

FY 91
$629.1M

FY 03
$318.6M*

FY 04
$311.0M

8900+ Customers

Average LRT = 2 Days

Backorders = 2,139 reqns
ALL TIME LOW !

The Big Picture

May 04 Sales
$2,223.1M
8% ahead of FY 03

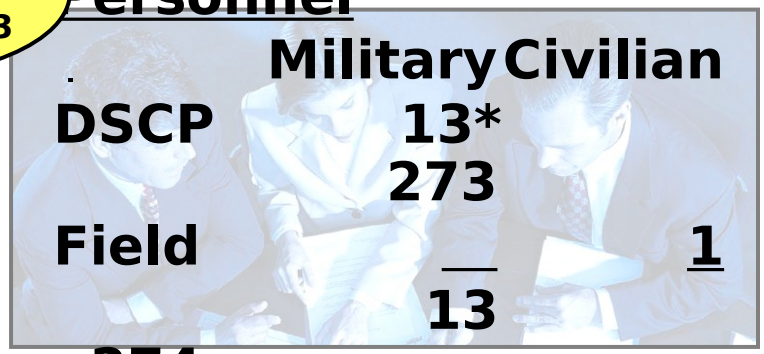
***Incl $56m In SW Asia**
$22.7 other Army sites
$97.4M Readiness Inventories

Sales

FY01	**$2.021B**
FY02	**$2.507B**
FY03	**$3.137B**
FY04 (Proj)	**$3.520B**

Personnel

	Military	Civilian
DSCP	**13***	
	273	
Field		**1**
	13	
	274	



*** 15 billets authorized**

Improved Fleet Pharmaceutical Prime Vendor (PV) Contract

- **New Contract with Cardinal Pharmaceuticals awarded 19 APR 04 and effective beginning 20 MAY 04**
  - **Allows all CONUS ships access to individual web-based ordering from Cardinal Regional Distribution Centers (1.7% CRR)**
  - **Alternate MILSTRIP (28.1% CRR) order processing capability will remain.**
  - **Contract will have one base year and four options.**
  - **Web-based ordering enables 24 hour delivery.**
  - **Distribution Fee = -2.3%**

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Fleet Medical/Surgical Prime Vendor (PV) Contract

- **Contract with American Medical Depot renewed March 04 (1st Option Year) – runs to March ’05.**
  - **4 option years remain.**
  - **Support is MILSTRIP only.**
  - **NAVY AMAL/ADAL NSNs must have DAPA match to be supported by this contract**

Contract is included in BSM Concept Demo

Defense Supply Center Philadelphia

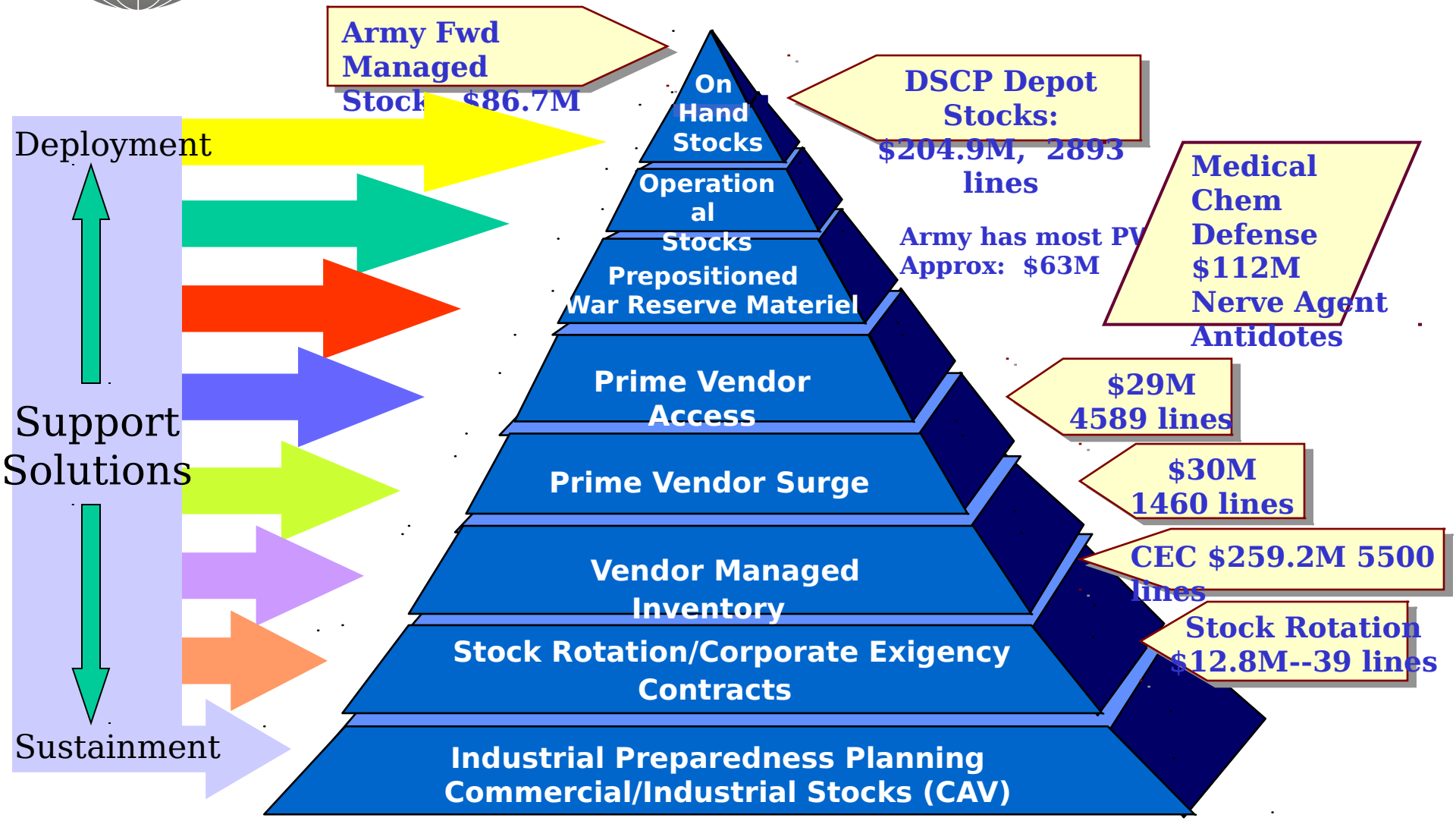
Partnering the World’s Best Suppliers with our Joint Warfighting Team

BioSafety Modular Laboratory (BSL) Level III

- **Used for Clinical and Diagnostic work with Biological Agents (Anthrax)**
- **Army establishing a network of 7 BSLs**
  - Base Year: Tripler AMC and 121GH Korea
  - Options: 5 CONUS Sites
- **High Level Visibility (Army TSG, PACOM, MEDCOM)**
- **New contract issued October ’03 to Certek, Inc.**
- **Drawings and plans have been approved by Army and DSCP**
- **TAMC Est. Delivery Oct 04 (operational Dec**
- **121st Gen Hosp Est. Delivery Nov 04 (opera l Jan 05)**

Partnering the World's Best Suppliers with our Joint Warfighting Team

Layered Support



Total of Contingency Contract Access: $770M, 1196 lines

Medical Logistics Support Strategies

Peace Time | **Surge** | **Sustainment**

- Prime Vendor
- Depot
- DVD
- EDI

PLUS

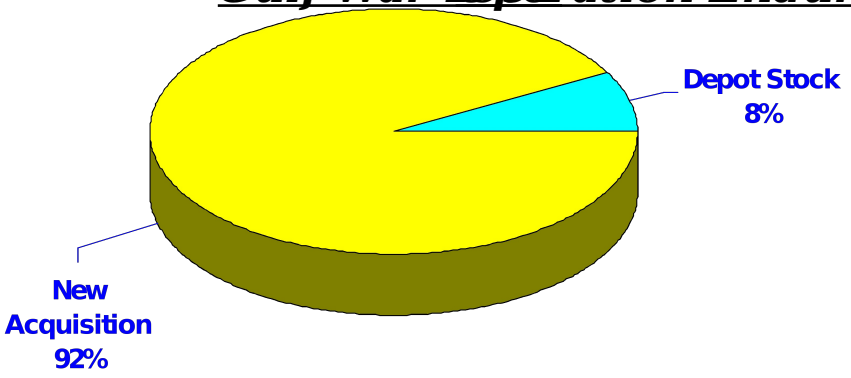
- PV Surge
- Service Stock
- Vendor Managed Inventory (Service Owned)

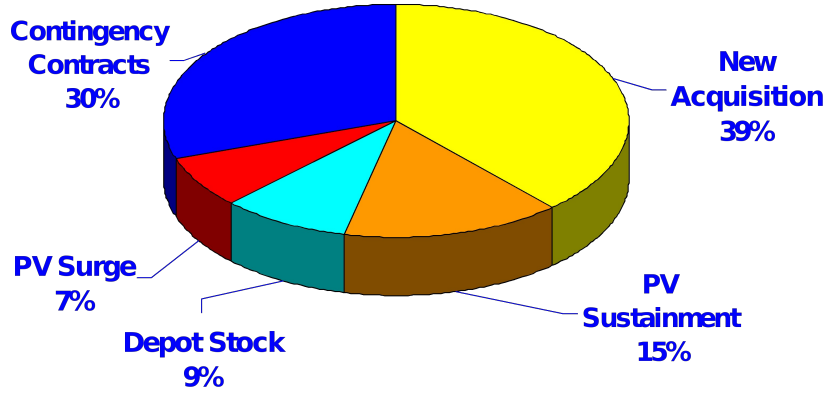
PLUS

- Contingency Contracts
  - Stock Rotation
  - Corporate Exigency Contracts (CEC)
  - Vendor Managed Inventory (DLA Owned)
  - Overseas Support Initiative (OSI)
- New Acquisition

Warstopper Funding: Key Enabler

Gulf War 1991 Operation Enduring Freedom / Operation Iraqi Freedom (OE





Class VIII
Medical Rock Drill

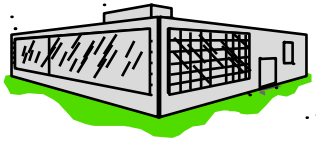
Date/Location: **HQ DLA 27 - 29 July 04, - PACOM AOR scenario_**

Purpose: Identify and Validate Steps to Implement Executive Agent For an Effective and Efficient End-to-End Supply Chain. Apply Current Operations Scenario, Experience, and Lessons Learned.

Participants: Joint Staff, Services, PACOM, DLA HQ, Commander DSCP, Deputy Commander DSCP, OASD/HA & L&MR, J4 Surgeon, USAF Deputy SG, Medical Ops & Readiness, TRANSCOM SG, Asst SG, Deputy Chief of Staff (Force Sustainment), U.S. Army Medical Command, HQ USAMRMC, CASCOM, Services MEDLOG Chiefs, JRCAB, DMLSS PM
Industry, Other Commodity SMEs -- 140+ and over 50 presenters

Rock Drill Focus -
EA End-to-End Customer Support

ALL EA Commodities



Operational Requirements

Combat Services

Integrated Supply Chain

anufacturers & Distributors

CENTCOM Scenario

In-Theater Distribution

Fully Resourced Requirements

Subsistence

Clothing & Textiles

Performance Based Agreements

Bulk Fuels

Medical Supplies

Construction Materials

Commodities Resourced and Delivered to Support Operational Requirements

Rock Drill Deliverables

- **Validated Implementation Objectives and Steps to Guide JIPTs**
- **Capture of all Rock Drill Issues and Actions to be Considered in the Implementation Process**
- **ID End-to-End Supply Chain Gaps**
- **Brief Rock Drill Output to Sustainment Conference, COCOM/SGs, FHP Council, JLB, COLD Conference**

Rock Drill/EA
Way Ahead

- **DLA Use Output to:**
  - **Communicate and Refine EA Implementation Strategy and Objectives**
  - **Formulate Guidance for JIPT's - Commodity EA Implementation POA&Ms and Proposals**
- **Continue Collaboration/Partnership with COCOMs and Service Components**
- **Establish Performance-Based Agreements**

WHAT WE NEED FROM YOU

- **Meeting our customer's needs through:**
  - **Innovative programs … PV, IPV, MRO, etc.**
  - **Web based ordering … factory to foxhole**
  - **PV surge / contingency capability … buying access not supplies**
  - **Forward presence … "scouts out" (DSCPP / E, DCST, CSRs, LNOs)**

    with the customer
  - **Industrial base management … flexible surge response**
  - **… we are moving out with Executive Agency**
- **We add value …**
  - **Providing cohesive and responsive supply chain**

    leadership to the warfighter
  - **Ability to provide innovative logistics solutions**

    as your <u>full partner</u>

UNDERSTAND & SUPPORT TROOP AND GENERAL UNIQUINESS

- ***WE*** *FEED THE TROOPS!*
  - ***WE*** *CLOTHE THE TROOPS*
    - ***WE*** *DOCTOR THE TROOPS*
      - ***WE*** *EQUIP THE TROOPS*